

# HOUSE BILL REPORT

## SHB 2914

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### As Passed Legislature

**Title:** An act relating to creating a financial aid account to ensure that all statewide student financial aid is made available.

**Brief Description:** Creating the state financial aid account.

**Sponsors:** By House Committee on Appropriations (originally sponsored by Representatives Kenney, Fromhold, Cox, Morell, Haigh and Wood).

### Brief History:

#### Committee Activity:

Appropriations: 2/7/02, 2/9/02 [DPS].

#### Floor Activity:

Passed House: 2/17/02, 94-0.

Passed Senate: 3/8/02, 47-0.

Passed Legislature.

### Brief Summary of Substitute Bill

- Creates a state financial aid account to ensure that all appropriations designated for financial aid through statewide student financial aid programs are made available to students and to prevent unexpended financial aid funds from lapsing at the close of a fiscal year.

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## HOUSE COMMITTEE ON APPROPRIATIONS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 24 members: Representatives Sommers, Chair; Doumit, 1st Vice Chair; Fromhold, 2nd Vice Chair; Sehlin, Ranking Minority Member; Alexander, Boldt, Buck, Clements, Cody, Cox, Dunshee, Grant, Kagi, Kenney, Kessler, Linville, Lisk, Mastin, McIntire, Pearson, Ruderman, Schual-Berke, Talcott and Tokuda.

**Staff:** Laurie Schaffler (786-7143).

### Background:

Ordinarily, appropriations lapse at the end of the fiscal period for which they are made.

Under legislation enacted in 1997, the operating budget bill contains a "reappropriation" under which general fund appropriations that would otherwise lapse at the end of the fiscal year are deposited in the Incentive Savings Account and the Education Savings Account. This means that if appropriations made to the state student financial aid programs are not completely expended at the end of the fiscal year, they are deposited in the Education Savings Account. The Higher Education Coordinating Board is responsible for administering student financial aid appropriations during the fiscal year. Although the board attempts to spend the entire financial aid appropriation for aid to needy students, appropriations in some financial aid programs do lapse because of the difficulty of projecting student behavior and needs.

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**Summary of Substitute Bill:**

The state financial aid account is created in the custody of the State Treasurer. The purpose of the account is ensure that all appropriations designated for the State Need Grant Program, the State Work Study Program, the Washington Scholars Program and the Washington Award for Vocational Excellence (WAVE) program are made available to eligible students. Only the executive director of the Higher Education Coordinating Board or the executive director's designee may authorize expenditures from the account.

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**Appropriation:** None.

**Fiscal Note:** Not Requested.

**Effective Date:** The bill takes effect on July 1, 2002.

**Testimony For:** This bill ultimately helps the students by creating a separate account for financial aid funds to ensure that all financial aid funds are made available to the students. It helps to protect the limited resources.

**Testimony Against:** None.

**Testified:** Marcus Gaspard, Executive Director, Higher Education Coordinating Board; Rhonda Coates, State Board for Community and Technical Colleges; and Russ Carver, Washington Student Lobby.